



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 5, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **COMMUNITY ENHANCEMENT SERVICES CONTRACT REVIEW –
REFUGEE EMPLOYMENT PROGRAM**

We have conducted a program and fiscal contract review of Community Enhancement Services (CES or Agency), a Refugee Employment Program (REP or Program) service provider.

Background

The Department of Public Social Services (DPSS) contracts with CES, a private non-profit community-based organization, to provide job-training and employment services to refugees who have resided in the United States for less than five years. The population that CES serves resides in the Third and Fifth Districts.

DPSS pays CES a fixed fee for each type of service based on budgeted program costs and anticipated service levels. DPSS paid CES \$80,650 for Fiscal Year (FY) 2005-06. CES contract for FY 2006-07 is for \$110,236.

Purpose/Methodology

The purpose of the review was to determine whether during FY 2006-07 CES complied with its contract terms and appropriately accounted for and spent program funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

"To Enrich Lives Through Effective and Caring Service"

Results of Review

Overall, CES provided the services required by the County contract using the appropriate number of staff who possessed the required qualifications. The program participants interviewed stated that the services they received from CES generally met their expectations. The expenses that the Agency charged the program were allowable and properly documented.

Review of Report

On April 23, 2007, we discussed our report with CES management. In their attached response, CES management concurred with our report. We also notified DPSS of the results of our review.

We thank CES for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Philip L. Browning, Director, Department of Public Social Services
Zigmund Vays, President, Community Enhancement Services
Public Information Office
Audit Committee

**REFUGEE EMPLOYMENT PROGRAM
COMMUNITY ENHANCEMENT SERVICES
FISCAL YEAR 2006-2007**

ELIGIBILITY

Objective

Determine whether the Community Enhancement Services (CES or Agency) provided services to individuals that meet the eligibility requirements of the Refugee Employment Program (REP or Program).

Verification

We selected 20 (16%) of 113 program participants that received services during October and November 2006. We reviewed documentation in the case files to confirm the participants' eligibility for program services.

Results

CES maintained appropriate documentation to support the participants' eligibility to receive program services.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether CES provided the services billed in accordance with their contract and the program participants received those services.

Verification

We reviewed the documentation contained in 20 program participant case files that received services in October and November 2006. We also interviewed 11 program participants to confirm the services CES billed to the Department of Public Social Services were provided.

Results

CES appropriately provided program services. In addition, the program participants stated that the services they received from CES met their expectations.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether CES possessed the qualifications required by the contract.

Verification

We reviewed the personnel files of all three staff for documentation to confirm staff qualifications.

Results

Each of CES's staff possessed the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUES**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed CES's October and November 2006 bank reconciliations.

Results

Generally, CES' cash receipts and revenue were properly recorded in the Agency's records and deposited timely in their bank account.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program reported expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and documentation for nine non-personnel expenditure transactions billed by the Agency for October and November 2006, totaling \$2,261.

Results

CES's expenses were allowable, accurately billed to DPSS and properly documented as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and tested transactions in various areas such as expenditures, payroll and personnel.

Results

CES maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS**Objective**

Determine whether CES's fixed assets and equipment purchases made with program funds are used for the program and that the items are safeguarded.

Verification

We interviewed CES personnel and reviewed the Agency's fixed assets inventory listing. In addition, we performed a physical inventory of four assets funded by the program to verify the items exist and that the property was being used as required.

Results

CES's items purchased with REP funds were used for the program. In addition, the Agency adequately safeguarded the items.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We reviewed payroll expenditures for 3 employees during October and November 2006, totaling \$4,655. We also interviewed staff and reviewed the personnel files of staff assigned to the program.

Results

The program staff's salaries were supported with time cards and charged appropriately to the program. In addition, CES maintained personnel files in accordance with the County contract.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether CES's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed CES's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during October and November 2006 to ensure that the expenditures were properly allocated to the appropriate program.

Results

CES's Cost Allocation Plan was prepared in compliance with the County contract requirements and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

PRIOR YEAR AUDIT FOLLOW-UP**Objective**

Determine the status of the recommendation reported in the prior monitoring review.

Verification

We verified whether the one outstanding recommendation from Fiscal Year 2005-06 monitoring review was implemented. The report was issued November 15, 2006.

Results

CES implemented the one recommendation.



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ENHANCEMENT
SERVICES

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Chief Financial Officer
(818) 894-8121

April 23, 2007

Heating and Cooling
Services
(818) 830-3385

Energy Efficiency
(Weatherization)
(818) 895-8529

Home Energy
Assistance Program
(818) 891-4148

Energy Crisis
Intervention Program
(818) 891-6075

Water Conservation
Direct
(818) 894-7071

Naturalization Assistance
Program
(323) 850-4672

Refugee Employment
Program
(818) 956-0969

Adult Education Division
(Vocational & ESL Training)
(323) 850-4626

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations.

Please call me if you have any questions at (818) 894-8121.

Sincerely,

Zigmund Vays
President, Community Enhancement Services

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